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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 13, 2014

James A. Hewlett, Resident Agent
Intermountain Power Agency
10653 South River Front Parkway, Suite 120
South Jordan, Utah 84095

Subject: Permitting of Bulk Crude Oil Storage and Truck/Train Transfer Facility, Wildcat Loadout, Intermountain Power Agency, C/007/0033, Task ID #4579

Dear Mr. Hewlett:

The Division received the initial application to permit the construction and operation of a bulk crude oil storage and truck/train transfer facility on April 14, 2014. In the submitted application, Task #4579, the author repeatedly state in Chapters 1-8 that "according to UDOGM (Utah Division of Oil, Gas and Mining) this facility will not be under their jurisdiction, but will be located within the Wildcat Loadout permit area. This conclusion is a misinterpretation of where the Division's authority begins and ends, or transfers to another State or Federal agency. While the Division does not regulate the transportation of oil, we still maintain responsibility for activities that occur within a SMCRA permitted site.

IPA has proposed that this facility be constructed inside the Wildcat Loadout permit area, C/007/0033, which "is" regulated by the Division. If this proposal is to progress, both IPA and the Division must establish where the oil storage and transfer activities can be differentiated from the coal mining activities so that it is clear where DOGM jurisdiction ends and the authority of other agencies would begin.

An example of a "fringe" area, as identified within the application, Task #4579, is "how will the intercepted precipitation within the bermed storage tank impoundment be collected and treated prior to its disposal off the DOGM permit area?" Another area of concern is the coal mine waste rock disposal area, which is depicted in the plate showing the AES drainage areas 1, 2 and 3. Waste rock disposal sites are within and must remain under R645 Coal Mining Rules jurisdiction.

A list of deficiencies have been identified in the initial submittal, and upon your review, you will see that there are numerous areas where the bulk crude tank farm could have an affect. Other items which must be reviewed/approved within the permit area might be the sediment pond being proposed. The Division must regulate the areas within the Loadout

Permit boundary which could be affected or influenced by the crude storage facility. Therefore, to say that the Division has no jurisdiction over this proposal is a gross misunderstanding.

The Division would like to discuss the Task #4579 application with you and your associates at your convenience, in order to clarify what needs to be addressed so that this proposal may progress. Part of this discussion should be geared toward an alternate post mining land use change which could greatly simplify the permitting process.

The deficiencies are listed as an attachment to this letter. The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application.

If you have any questions, please feel free to call me at (801) 538-5325 or Steve Christensen at (801) 528-5350 at your convenience to arrange this conference.

Sincerely,



Daron R. Haddock
Coal Program Manager

DRH/PHH/sqs

Enclosure

cc: Lance Lee, IPA
Division of Water Quality
Steve Rigby, BLM Price
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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070033
TaskID: 4579
Mine Name: WILDCAT LOADOUT
Title: OIL TRANSLOADING CONSTRUCTION

General Contents

Identification of Interest

Deficiencies Details:

R645-301-111.200; Responsibility

Please provide to the Division the names and contact information for all of the senior managers associated with the oil transloading facility should any emergencies occur.

phess

Operation Plan

Topsoil and Subsoil

Deficiencies Details:

R645-301-231.100, 231.400, 232.100

The application does not contain any discussion for the removal of topsoil within the truck unloading loop, its anticipated removed volume, or the area where this volume will be stored.

There is no discussion of the future plans for the topsoil and subsoil piles designated as ""B"" and ""E"" located within the boundary of ASCA #5.

The requirements of the three regulations identified above have not been addressed.

phess

Topsoil and Subsoil

Deficiencies Details:

R645-301-230, Revised Plate 1 shows encroachment on the revegetation test plot D location. The revegetation test plot areas A & D represent the substitute topsoil available from the whole of the disturbed area (Sec. R645-301-212 and Sec. R645-301-224). Soils from these test plot locations were sampled down to 4 ft. depth to establish suitability. Soil should be salvaged from this area prior to construction, stockpiled, protected and seeded.

Spoil Waste Refuse Piles

Deficiencies Details:

R645-301-536, 536.100, 536.110, 536.200, 536.230, 536.820
Please address these requirements if the waste rock disposal area is to remain within the designated bulk oil storage operation area.

phess

Hydrologic General

Deficiencies Details:

R645-301-731.700 Update all relevant maps in the currently approved MRP to clearly show the proposed changes to hydrology related structures. This would include but not be limited to plates 14, 15, and 31. Maps should clearly display drainage paths, ditches, culverts and ponds for the entire facility.

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Hydrologic Diversion General

Deficiencies Details:

R645-301-742.300 The proposed diversion ditch joins with an existing diversion ditch and is eventually transmitted through a culvert under the railway tracks. It is unclear whether the existing ditch and culvert have sufficient capacity to contain the design storm from the new drainage area. Please provide additional information.

adaniels

Hydrologic Ponds Impoundments Banks Dams

Deficiencies Details:

R645-301-742.220 Sediment ponds must be designed to store sediment and still adequately contain the designed storm event. Please provide supporting calculations as well as sediment clean out levels on the pond cross section maps. The maps should also contain spillway elevations and top of embankment elevations.

R645-301-731.710 It is unclear from the currently submitted information where water would be routed after discharging from either of the two new ponds. This should be included in the plan as well as clearly displayed on site drainage maps.

R645-301-742.223 Please provide additional design details justifying the use of only one spillway.

R645-301-751 Discharge of water collected from disturbed areas must meet all Utah and federal water quality standards and regulations set forth by US EPA in 40 CFR Part 434, verify whether the current UPDES permit needs to be revised.

R645-301-731.222 If UPDES permits are required for discharges from proposed ponds 1 and 2, a water monitoring location should be added to each discharge location. This requires an update to the MRP and associated water monitoring maps.

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Reclamation Plan

Bonding and Insurance General

Deficiencies Details:

R645-301-890: Please discuss if IPA will cover the insurance requirements for the bulk crude oil transloading facility.

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